

House 2000 Supplemental Transportation Budget

Introduction

The House 2000 Supplemental Transportation Budget presents a strategic plan that is feasible and responsible. Post Initiative 695 funding to transition vital transportation services is provided by General Fund assistance, use of current resources, and additional savings in existing programs through the use of different service delivery methods.

The original 1999-01 transportation budget was approximately \$4 billion following the passage of Referendum 49 in 1998. Referendum 49, basically, did two things: 1) it authorized the sale of \$1.9 billion in bonds; and, 2) it increased the amount of the Motor Vehicle Excise Tax (MVET) dedicated to state transportation programs. Thus, the 1999-01 transportation budget added over \$1 billion to the state transportation budget by assuming the sale of up to \$686 in bonds and the MVET increase.

Passage of Initiative 695 in 1999 negatively impacted transportation related funding by approximately \$1.2 billion in 1999-01 and approximately \$1.7 billion in 2001-03. Elimination of the MVET resulted in a permanent loss of a major revenue source for ferries, rail, transit, and highways. The funding loss by state and local jurisdictions are:

- State Transportation Programs - \$690 million;
- Local Government Programs - \$307 million;
- Local Transit Districts - \$250 million.

Initiative 695 did not repeal the bond authorization provisions of Referendum 49 and did increase the base amount of license tab fees.

In order to maintain vital transportation programs given the reduced revenues post Initiative 695, the following actions have been taken in the House 2000 Supplemental Transportation Budget:

- General Fund dollars are allocated to transportation. (See page 2)
- Additional savings of \$26 million is proposed in reduced program funding levels.
- An additional \$27 million in license fee collections are transferred from the State Patrol Highway Account to the Motor Vehicle Fund for transportation projects.
- The sales tax on rental cars in lieu of MVET of \$33 million (99-01) will remain with transportation.
- Referendum 49 bonds, totaling \$132 million in 1999-01 and \$925 million over five years, are planned.
- Available existing fund balances are utilized.

With the above Legislative actions, the revised House 2000 Supplemental Transportation Budget is \$3.249 billion.

General Fund Assistance

Several programs were affected by Initiative 695. Through General Fund Assistance, ferries, transit and rail received funding to help maintain, transition or sustain service to the public. The General Fund provided the following assistance:

- Ongoing sales tax transfer for \$219 million over the next five years that grows at 4.5 percent per year. (see (1) below)
- Ongoing ferry operating transfer of \$20 million for 99-01(\$106 million over the next five years) which increases at a fiscal growth factor of over one percent per year. (see (2) below)
- One-time transit liability of \$50 million. (see (3) below)
- One-time rail transfer of \$12.7 million. (see (4) below)
- One-time transit distribution of \$80 million which will be in the General Fund budget. (see (5) below)
- Ongoing Sound Transit distribution of \$80 million. (see (6) below)

<i>(dollars in millions)</i>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>5 Year Total</u>
Sales Tax Transfer (1)	\$40.00	\$41.80	\$43.68	\$45.65	\$47.70	\$218.83
Ferry Operating Transfer (2)	\$20.00	\$20.54	\$21.12	\$21.77	\$22.47	\$105.90
Transit Liability (3)	\$50.00					\$50.00
Rail Transfer (4)	\$12.70					\$12.70
Totals:	\$122.70	\$62.34	\$64.80	\$67.42	\$70.17	\$387.43

Transit Distributions (5)	\$80.00					\$80.00
Sound Transit (6)	-	\$20.00	\$20.00	\$20.00	\$20.00	\$80.00

The House Two-Year Transportation Financial Plan

1999-01 Investments Post I-695

Transportation Budget Comparisons **(Dollars in Millions)**

1997-99 Transportation Funding

Total 1997-99 Budget *	\$ 3,007
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1999-01 Transportation Funding

1999-01 Budget*	\$ 4,049
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2000 Supplemental Budget	\$ (800)
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Total 1999-01 Funding*	\$ 3,249
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** Bond Retirement & Interest amounts not included.*

Bond Sales

- \$132 million is planned.

State Highways

- \$237 million is provided for mobility, safety, and economic development projects.
- \$16 million provided for environmental projects including fish passage barriers, stormwater run-off projects, and Endangered Species Act project certifications.
- \$5 million provided for freight mobility projects.
- \$50 million is provided for the second Tacoma Narrows bridge.

Ferries

Ferry Operations

- \$5.0 million is provided for partial restoration of auto ferry service.
- \$5.1 million is provided for partial restoration of passenger only service for Vashon Island-Seattle and Bremerton-Seattle routes.

Ferry Capital

- \$82 million is provided through fund transfers from the ferry operations account and state/ federal Motor Vehicle funds to sustain critical preservation projects through June 30, 2001.

Transit

- \$50 million is provided to fund MVET transit liability.
- \$80 million is provided as a one-time transitional distribution.

Local Jurisdictions

- \$30 million is provided for freight mobility and partnership projects (TIB).
- \$20 million is provided for local jurisdictional requests (TIB).
- \$43 million is provided for 11 local freight mobility projects.
- \$10 million is provided for the Columbia River dredging.

Rail

- The level of passenger rail service is decreased, with reductions occurring in administration and the elimination of the second run to Bellingham.
- \$12.7 million is provided for the state's share of the rail maintenance facility.
- \$500 thousand is provided to secure funding for 22 new apple rail cars.

The House Five-Year Transportation Financial Plan 1999-05 Investments Post I-695

The House 5-Year Financial Plan presents a strategic financial plan that is feasible and responsible. Additional savings in existing programs, General Fund Assistance, and the use of current resources allow for funding of highway programs, local roads, and ferries.

Bond Sales

- \$925 million is planned to be sold for transportation related projects.

State Highways

- \$1.2 billion is planned for additional highway projects, utilizing the sale of bonds, \$219 million in an ongoing general fund transfer of the sales tax and other revenue sources.

Local Roads

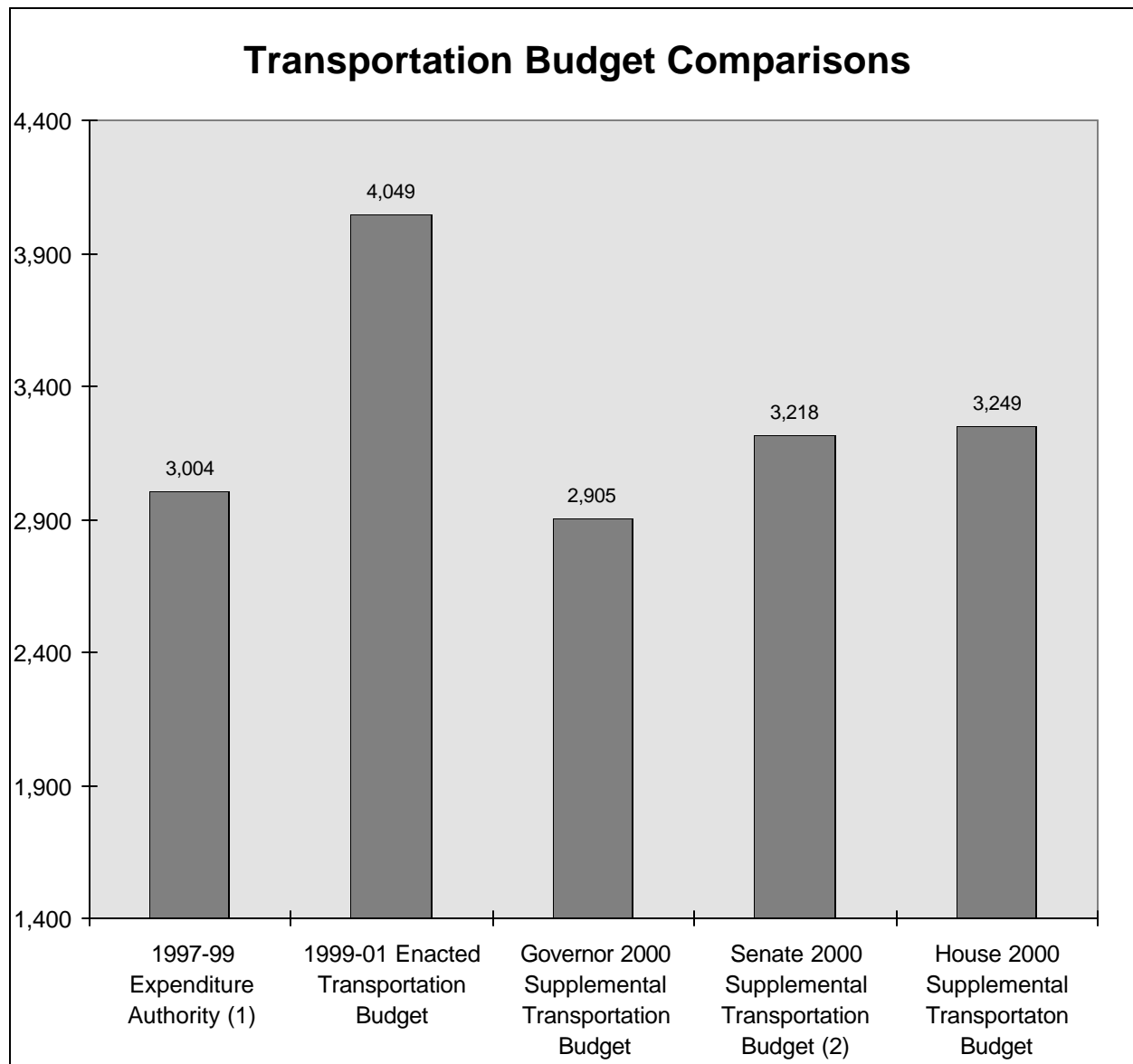
- \$100 million from the sale of transportation improvement board bonds is planned for local roads over the next five years.

Ferries

- An ongoing ferry operating transfer which equals \$106 million over the next five years to lessen the impact of necessary ferry fare increases.

Regional Transit Authority

- \$80 million is provided through 2002-05 (\$20 million per year) in addition to the sale lease back and insurance wrap around.



- (1) Excludes \$271.7 million of federal and local appropriation with the implementation of HB 1010 (1997) and includes the 1998 and 1999 supplemental budgets.
- (2) Includes an additional \$12 million in Puget Sound Regional Council funding.

2000 Supplemental Transportation Budget

Agency Overview

Department of Transportation - \$2.47 billion

(Original 1999-01 Budget = \$3.28 billion; \$810 million reduction)

State Highways: \$1.6 billion

(Original 1999-01 Budget = \$2.1 billion; \$500 million reduction)

- \$ 821 million is provided for state highway improvements, including:
 - Congestion Relief: \$359 million is provided for highway capacity improvements, including major projects such as Sunset Interchange on I-90, and Sprague Avenue to Argonne Road on I-90 in Spokane.
 - HOV Lanes: \$114 million is provided for the design, right of way, and construction of HOV projects, including \$42 million in partially restored funding for projects on I-5, SR 16, and SR 525.
 - Safety: \$144 million is provided to improve the safety of state highways, including \$35 million in partially restored funding to continue projects on SR 12, SR 17, and SR 395.
 - Economic Development: \$125 million in state funding is provided for economic initiatives, including \$24 million in partially restored funding for projects on I-90, SR 167, SR 397, and SR 519.
 - Environmental: \$27 million is provided for environmental projects, including \$16 million being partially restored for Endangered Species Act project certification, fish passage barrier removal, and storm water run-off projects.
 - Narrow's Bridge Project: \$50 million is provided for the 2nd Tacoma Narrows bridge.
- \$532 million is provided for highway preservation projects, including repaving roadways, repairing and rebuilding bridges, and repairing unstable slopes.
- \$237 million is provided for maintenance activities on state highways. Activities include patching roadways, pavement striping, traffic signal maintenance, highway illumination, and snow and ice removal.

Washington State Ferries – Operating: \$291 million

(Original 1999-01 Budget = \$303 million; \$12 million reduction)

- \$5.1 million in one-time funding is provided for passenger-only service from Bremerton to Seattle and Vashon Island to Seattle.
- \$5.0 million is provided to partially restore auto ferry service.

Washington State Ferries – Capital: \$161 million

(Original 1999-01 Budget = \$285 million; \$124 million reduction)

- Funding is provided for existing work currently under contract, as well as some critical preservation activities, through the end of the biennium.

Rail – Operating: \$ 28.4 million

(Original 1999-01 Budget = \$33.1 million; \$4.6 million reduction)

- \$3.5 million is eliminated by discontinuing the second daily Amtrak run to Bellingham.

Rail – Capital: \$48.5 million

(Original 1999-01 Budget = \$93 million; \$44.5 million reduction)

- \$15 million is provided for the state's share of a rail maintenance facility.
- \$500,000 is provided for securing funding for the purchase of refrigerated rail cars for shipping produce via Amtrak to the east coast.

Public Transportation: \$17 million

(Original 1999-01 Budget = \$25.4 million; \$8.4 million reduction)

- \$ 2.25 million is provided for rural mobility projects.
- \$ 10.1 million is provided for the Commute Trip Reduction program.

Highway Management and Facilities / Plant Construction & Supervision: \$61.1 million

(Original 1999-01 Budget = \$71.1 million; \$9.9 million reduction)

- \$2 million is provided for additional maintenance due to delayed completion of capital projects.
- \$10 million is made available by delaying the construction of planned capital facility projects.
- \$1 million in savings is realized through a variety of administrative cost reductions.

Aviation: \$5.2 million

(Original 1999-01 Budget = \$4.4 million; \$800 thousand increase)

- \$550,000 is provided for additional grants to help reduce the backlog of necessary airport preservation projects.
- \$240,000 is provided as a state match for a federal grant to complete an economic study of aviation in Washington.

Traffic Operations: \$36.8 million

(Original 1999-01 Budget = \$39.1 million; \$2.3 million reduction)

- \$2.3 million is made available by the elimination of one-time funding for low-cost traffic operation enhancements.
- \$600,000 is provided to implement the Safety Service Patrol pilot project.

Transportation Management: \$95 million

(Original 1999-01 Budget = \$110.8 million; \$15.8 million reduction)

- \$16 million in savings is realized from a combination of reduced administrative and computer support, lower charges from other state agencies, and by the elimination of various computer-related projects.

Transportation Planning, Data, and Research: \$28.5 million

(Original 1999-01 Budget = \$30.5 million; \$2 million reduction)

- \$2 million is made available by postponing projects and through administrative cost reductions.

Highways & Local Programs: \$76.4 million

(Original 1999-01 Budget = \$155.6 million; \$79.2 million reduction)

- \$42.5 million is provided for local freight mobility projects.
 - \$10 million is provided for Washington's share of the Columbia River Dredging project.
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Department of Licensing - \$158.5 million

(Original 1999-01 Budget = \$159.5 million; \$1 million reduction)

- \$758,000 is provided for the development and implementation of a system to allow for the direct, electronic transfer of citation information from Seattle Municipal Courts to the Department.
 - \$241,000 in savings is achieved by mailing vehicle registration renewal notices bi-monthly instead of monthly.
 - \$295,000 in savings is achieved by eliminating the issuance of registration tabs for the front license plate.
 - \$304,000 in savings is achieved by mailing vehicle titles weekly instead of bi-weekly.
 - \$477,000 in savings is achieved by sending vehicle registration renewal notices in the form of a post card rather than in the form of a letter with a return envelope.
 - \$977,000 in savings is realized through delayed hiring and vendor contract savings.
 - \$142,000 is provided to implement the intermediate drivers license legislation (ESSB 6264).
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Washington State Patrol - \$230 million

(Original 1999-01 Budget = \$231 million; \$1 million reduction)

- \$2.1 million in savings is due to the elimination of the License Fraud task force and reassigning the investigators to other vacant positions within the WSP.
- \$1.1 million in savings is due to positions being vacant from July 1, 1999 through November 30, 1999.
- \$322,000 in savings is achieved by the removal of 2nd year inflation.
- \$2.2 million is provided for frontline trooper portable radios and related base stations to complete the upgrade funded in the original 1999-01 transportation budget.
- \$398,000 is provided for the CVEO transition along with compensation for certification and court appearances.

Other Agencies

State Parks and Recreation – Capital - \$1.1 million

(Original 1999-01 Budget = \$2.7 million; \$1.6 million reduction)

- \$1.6 million in roadway projects funded in the 1999-01 transportation budget is removed.

Transportation Commission - \$767,000

(Original 1999-01 Budget = \$807,000; \$40,000 reduction)

- \$40,000 in savings is realized through personnel and administrative cost reductions.

Transportation Improvement Board - \$270.4 million

(Original 1999-01 Budget = \$237.4 million; \$33 million increase)

- \$30 million in funding is provided from the sale of bonds for partnership projects with the Department of Transportation, Freight Mobility Strategic Investment Board, and local jurisdictions; subject to the passage of HB 2788.
- \$20 million in funding is provided from the sale of bonds for additional reimbursement requests anticipated from local jurisdictions.
- \$15 million reduction in grants for public transportation capital projects.

Freight Mobility Strategic Investment Board - \$550,000

(Original 1999-01 Budget = \$600,000; \$50,000 reduction)

- \$50,000 in savings is realized through administrative cost reductions.

County Road Administration Board - \$91.0 million

(Original 1999-01 Budget = \$111 million; \$20 million reduction)

- \$12 million reduction in rural arterial grants due to higher spending levels than anticipated in the 1997-99 Biennium.
- \$8 million reduction in Referendum 49 capital projects related to the freight and goods system on county roads.

Utilities and Transportation Commission - \$222,000

(Original 1999-01 Budget = \$111,000; \$111,000 addition)

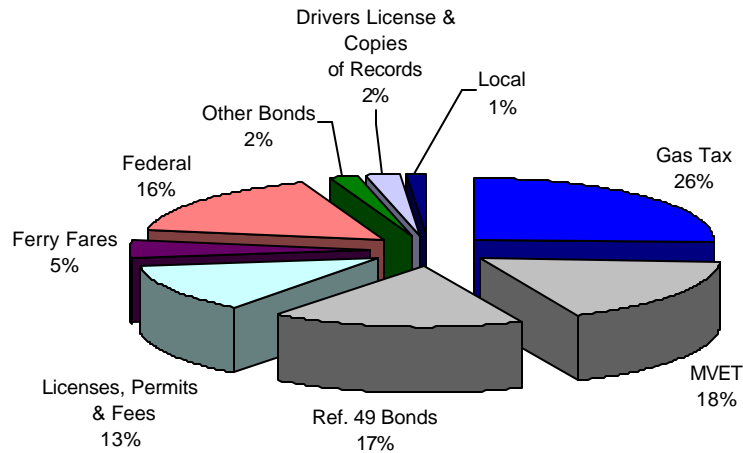
- \$111,000 is provided for funding the grade crossing safety program through the second year of the biennium.

Appendix A

Initiative 695 Impacts and Programs Affected

Major Revenue Sources Supporting the 1999-01 Transportation Budget

1999-01 Transportation Budget = \$4.3 B
(including \$281m debt service)



Pre Initiative 695

The enacted 1999-01 Transportation budget was \$4 billion dollars using \$686 million in referendum bonds authorized by the voters in 1998 through Referendum 49 (\$1.9 billion total bonds to be sold over 6 years). Referendum 49 also removed the distribution of the Motor Vehicle Excise Tax (MVET) to the General Fund and dedicated more of the MVET to state transportation programs. Between the bonds and the MVET, this added over \$1 billion to the state transportation budget. The bonds and the MVET represented 35 percent of the transportation funding for the 1999-01 biennium.

Initiative 695

The initiative impacted the 1999-01 transportation budget in the following areas:

- Repealed Referendum 49, but retained the authorization of the Referendum 49 bonds.
- Eliminated \$1.2 Billion in motor vehicle excise tax revenue in 1999-01 (18 months) and \$1.7 Billion in 2001-03 (24 months).
- Transportation Programs affected by the Initiative are:
 - ◆ Highway projects
 - ◆ Ferry Operations
 - ◆ Ferry Capital
 - ◆ Public Transportation
 - ◆ Air quality – Commute Trip Reduction